

DoubleLine Active Fixed-Income ETFs for Times of Secular and Cyclical Change

August 2025 | Jeffrey Sherman, Deputy Chief Investment Officer

Active managers have long demonstrated greater success in outperforming markets in fixed income than in equities, land of the random walk.¹ An edge in fixed income has rarely been more critical than today. Investors face not only the perennial challenges of interest-rate, credit and inflation cycles, secular regime change is at hand as well. Fiscal imbalances of sovereign debt issuers, including the U.S. Treasury, are moving markets. The upshot: Naïve indexation of presumed safe havens means elevated risk, including potential positive correlation to equities. (Figure 1)

Fortunately, investors have better choices.

Correlation Coefficient: S&P 500 Index to ICE BofA U.S. 30-Year Treasury Index | As of July 31, 2025

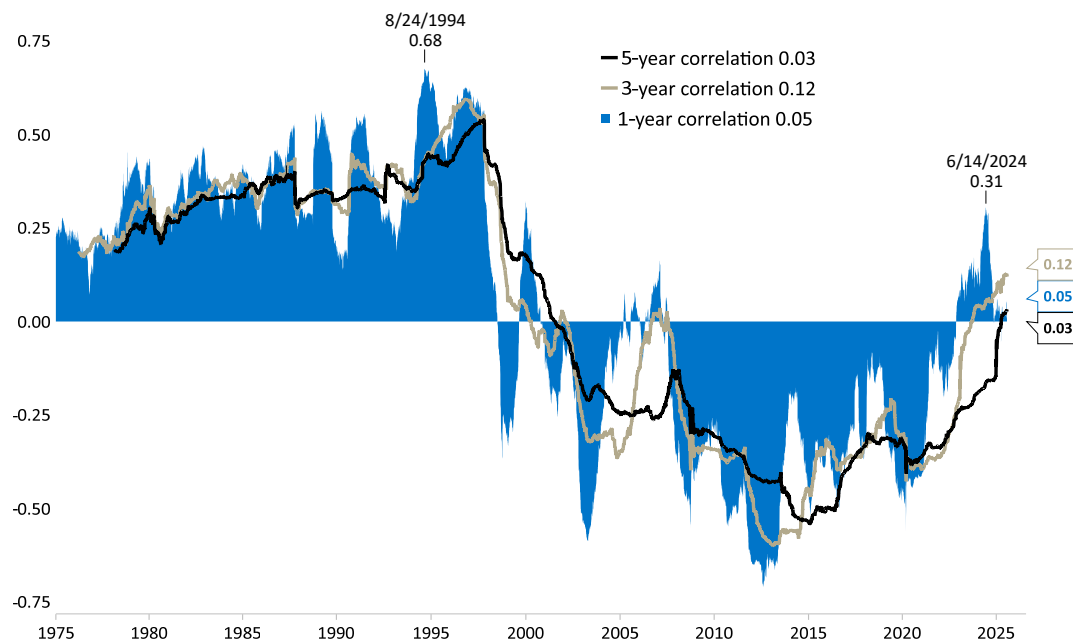


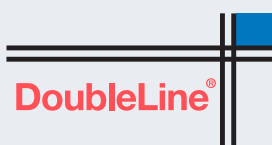
Figure 1

Source: DoubleLine, S&P Global, ICE BofA Bond indices, Macrobond

DoubleLine's suite of exchange-traded funds offers five actively managed fixed-income ETFs.² I believe a combination of these can help achieve robust, diversified structured-product and corporate-credit exposures designed to meet the traditional goals of generating income and offsetting equity and high yield risk while managing government securities exposure with a weather eye to sovereign issuers' fiscal and monetary trajectories.

¹ S&P Global annual and midyear SPIVA Scorecard reports on active managers versus benchmarks

² To learn more, visit doubleline.com/exchange-traded-funds



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To repeat the fundamental case for active investment in fixed income: An active manager can manage risk through complete cycles, including phases during which yields, spreads and other opportunities for incremental return are differentiated within fixed income sectors or across the fixed income universe. (Figure 2)

Yield Spread (bps) & Historical Rank (Percentile) | As of July 31, 2025

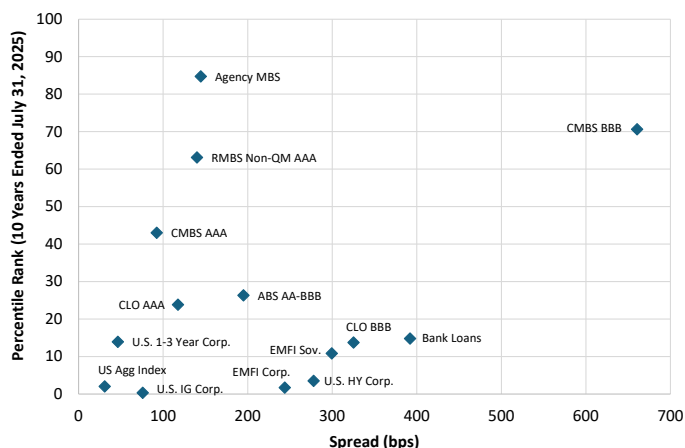


Figure 2

Source: DoubleLine, Bloomberg, Wells Fargo

The 10-year percentile rank of a fixed income index spread is a statistical measure that indicates how the current spread compares to its historical distribution over the past 10 years. Data Collection: Historical spread data for the fixed income indices listed over the past 10 years, gathered daily or weekly depending on data availability. See end disclosures for a list of the indices used in this figure. You cannot invest directly in an index.

For investment professionals seeking a turnkey fixed-income ETF, **DoubleLine Opportunistic Core Bond (DBND)** incorporates the expertise of DoubleLine's Fixed Income Asset Allocation Committee across the global fixed-income universe. After top-down allocations, investment teams manage bottom-up security selection in their sectors. These comprise U.S. government securities, government-guaranteed securities, different sectors of securitized credit, corporate credit and international debt.

For allocators who take an *à la carte* approach to sector exposures (Figures 3 and 4), our ETF suite offers **DoubleLine Multi-Sector Income (DMX)**, **DoubleLine Mortgage (DMBS)**, **DoubleLine Commercial Real Estate (DCRE)** and **DoubleLine Asset-Backed Securities (DABS)**.

DMX invests in, and allocates between, corporate and securitized credit. A key aim is to build a portfolio providing attractive current income with lower volatility than a portfolio composed solely of high yield corporates.

DMBS invests in high-quality residential mortgage-backed securities, allocating between government-backed Agency mortgage-backed securities (MBS) and non-Agency MBS in an effort to optimize total return.

Market Correlations to the Bloomberg US Aggregate Bond Index 10 Years Ended July 31, 2025 (Annualized)

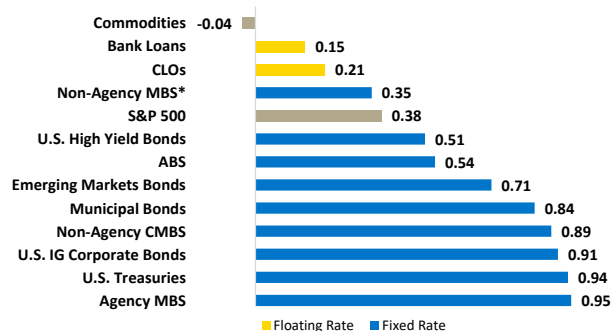


Figure 3

Source: DoubleLine, Bloomberg

*Non-Agency MBS as of June 30, 2025

See end disclosures for a list of the indices used in this figure. You cannot invest directly in an index.

Fixed Income Sector Correlations to the S&P 500 Index 10 Years Ended July 31, 2025 (Annualized)

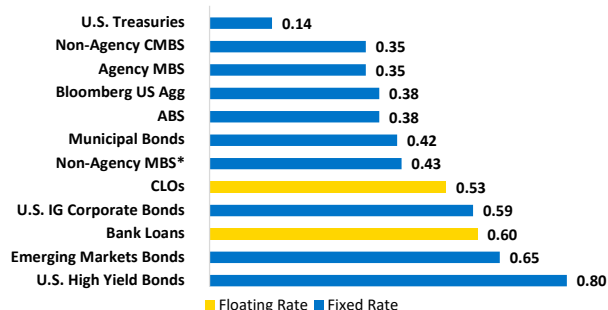


Figure 4

Source: DoubleLine, Bloomberg

*Non-Agency MBS as of June 30, 2025

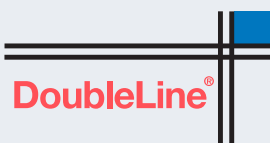
See end disclosures for a list of the indices used in this figure. You cannot invest directly in an index.

DCRE invests in senior commercial real estate debt through investment grade commercial MBS, with security selection across property types and subsectors while maintaining a low level of interest rate risk.

DABS invests in asset-backed securities with collateral diversified across consumer loans and hard assets such as aircraft, shipping assets, data centers, energy, renewable power and other infrastructure assets.

These funds are led by portfolio managers, analysts and traders with long tenures in their markets. I invite investment professionals to contact us with any questions on how we can assist you in delivering your clients' objectives in this interesting environment. ■

Email ETFInfo@DoubleLine.com to learn more.



DoubleLine Active Fixed-Income ETFs for Times of Secular and Cyclical Change

DoubleLine offers active fixed-income ETFs tailored to the investor seeking a turnkey approach to the broad fixed-income universe (DBND) or to the investor targeting specific markets (DMBS, DCRE, DABS, DMX).

Our suite of ETFs is managed by seasoned investment teams in securitized credit, corporate credit, U.S. government securities, government-guaranteed securities and international debt.

DMBS **Mortgage ETF**

An investment grade portfolio of Agency and non-Agency residential mortgage-backed securities with intermediate duration

DCRE **Commercial Real Estate ETF**

A high-credit-quality portfolio of Agency and non-Agency commercial mortgage-backed securities diversified by property type

DABS **Asset-Backed Securities ETF**

A diversified portfolio of investment grade asset-backed securities collateralized by consumer credit, hard assets, infrastructure and specialty finance

DMX **Multi-Sector Income ETF**

An income-oriented strategy offering diversified investment in corporate and securitized credit with a focus on risk-adjusted return

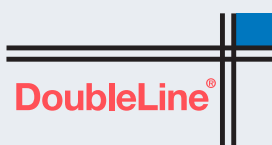
DBND **Opportunistic Core Bond ETF**

An intermediate-duration core-plus strategy that leverages active sector allocation and bottom-up security selection across global fixed-income markets

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and may be obtained by calling (855) 937-0772, or visiting www.doubleline.com. Read them carefully before investing.

Investing involves risk. Principal loss is possible. Investing in ETFs involves additional risks such as the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares. Investments in ABS, MBS, and floating rate securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Diversification does not assure a profit or protect against loss in a declining market.

DoubleLine ETFs are distributed by Foreside Fund Services, LLC.



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Indices used in Figure 2:

ABS AA-BBB: ICE BofA AA-BBB U.S. Fixed-Rate Miscellaneous ABS Index; **Agency MBS:** 30-Year FNCL Par Coupon Index; **Bank Loans:** Morningstar LSTA US Leveraged Loan Index; **CLO:** J.P. Morgan CLO Index; **CMBS:** Bloomberg US Non-Agency CMBS Index; **EMFI Corp.:** J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified; **EMFI Sov.:** J.P. Morgan Emerging Market Bond Index Global Diversified; **Leveraged Loans:** Credit Suisse Liquid Leveraged Loan Index; **RMBS Non-QM AAA:** Wells Fargo; start date: Dec. 26, 2014; **US Agg Index:** Bloomberg US Aggregate Bond Index; **U.S. HY Corp.:** Bloomberg US Corporate High Yield Index; **U.S. IG Corp.:** Bloomberg US Corporate Index; **U.S. 1-3 Year Corp.:** Bloomberg US Corporate 1-3 Year Index

Indices used in Figures 3 and 4 (Commodities only appear in Figure 3):

ABS: ICE BofA AA-BBB U.S. Fixed-Rate Miscellaneous ABS Index; **Agency MBS:** Bloomberg US MBS Index; **Bank Loans:** Morningstar LSTA US Leveraged Loan Index; **Bloomberg US Agg:** Bloomberg US Aggregate Bond Index; **CLOs:** J.P. Morgan AAA CLO Index; **Commodities:** Bloomberg Commodity Index; **Emerging Markets Bonds:** Bloomberg EM USD Aggregate Index; **Municipal Bonds:** Bloomberg US Municipal Bond Index; **Non-Agency CMBS:** Bloomberg US AAA Non-Agency CMBS Index; **Non-Agency MBS:** Amherst Non-Agency Mortgage Index; **S&P 500 Index:** U.S. High Yield Bonds: Bloomberg US Corporate High Yield Index; **U.S. IG Corporate Bonds:** Bloomberg US Corporate Index; **U.S. Treasuries:** Bloomberg US Treasury Index

Agency – Refers to mortgage-backed securities (MBS) whose principal and interest are guaranteed by a U.S. government agency such as Fannie Mae (FNMA) or Freddie Mac (FHLMC).

Amherst Non-Agency Mortgage Index – This index, updated monthly by Amherst, tracks the performance of non-Agency mortgages.

Asset-Backed Securities (ABS) – Investment securities, such as bond or notes, that are collateralized by a pool of assets, such as loans, leases, credit card debt, royalties or receivables.

Basis Points (bps) – Basis points (or basis point (bp)) refer to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as: 1% change = 100 basis points; 0.01% = 1 basis point.

Bloomberg Commodity (BCOM) Index – This index is calculated on an excess return basis and reflects the price movements of commodity futures. It rebalances annually, weighted two-thirds by trading volume and one-third by world production, and weight caps are applied at the commodity, sector and group levels for diversification. The roll period typically occurs from the sixth to 10th business day based on the roll schedule.

Bloomberg Emerging Markets (EM) US Aggregate Index – This index tracks fixed- and floating-rate U.S. dollar-denominated debt issued from sovereign, quasi-sovereign and corporate EM issuers.

Bloomberg US AAA Non-Agency CMBS Index – This index measures the market of AAA non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300 million.

Bloomberg US Aggregate Bond Index – This index (the “Agg”) represents securities that are SEC registered, taxable and U.S. dollar denominated. It covers the U.S. investment grade, fixed-rate bond market, with components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg US Corporate High Yield (HY) Index – This index measures the U.S. dollar-denominated, HY, fixed-rate corporate bond market. Securities are classified as HY if the respective middle ratings of Moody’s, Fitch and S&P are Ba1, BB+ or BB+ or below. The Bloomberg US HY Long Bond Index, including bonds with maturities of 10 years or greater, and the Bloomberg US HY Intermediate Bond Index, including bonds with maturities of 1 to 9.999 years, are subindices of the Bloomberg US Corporate HY Index.

Bloomberg US Corporate Index – This index measures the investment grade, fixed-rate taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg US Corporate 1-3 Year Index – This index measures the one-to-three-year investment grade, fixed-rate taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg US Mortgage-Backed Securities (MBS) Index – This index measures the performance of investment grade, fixed-rate, mortgage-backed, pass-through securities of the government-sponsored enterprises (GSEs): Federal Home Loan Mortgage Corp. (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Government National Mortgage Association (Ginnie Mae).

Bloomberg US Municipal Bond Index – This index covers the U.S. dollar-denominated, long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds.

Bloomberg US Non-Agency CMBS Index – This index measures the market of non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300 million.

Bloomberg US Treasury Index – This index measures U.S. dollar-denominated, fixed-rate nominal debt issued by the U.S. Treasury with a remaining maturity of one year or more. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Collateralized Loan Obligation (CLO) – Single security backed by a pool of debt.

Correlation – A statistical measurement of the relationship between two variables. Possible correlations range from +1 to -1. A zero correlation indicates no relationship between the variables; -1 indicates a perfect negative correlation; +1 indicates a perfect positive correlation.

Credit Suisse Liquid Leveraged Loan Index (LELI) – This index is a subindex of the Credit Suisse Leveraged Loan Index, which, with over 1,664 fully funded term loan facilities as of December 2018, is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. LELI contains about 284 term loan facilities as of December 2018 and seeks to track the liquid segment of the loan market. LELI includes only large loan facilities, over \$1 billion in face value, in order to sample loans that are actively traded in the secondary market.

Duration – A commonly used measure of the potential volatility of the price of debt securities in response to a change in interest rates prior to maturity. Securities with longer duration generally have more volatile prices than securities of comparable quality with shorter duration.

High Yield (HY) – Bonds that pay higher interest rates because they have lower credit ratings than investment grade (IG) bonds. HY bonds are more likely to default, so they must pay a higher yield than IG bonds to compensate investors.

ICE BofA AA-BBB U.S. ABS Index – This index, a subset of the ICE BofA U.S. Fixed-Rate ABS Index, tracks the performance of U.S. dollar-denominated, investment grade (IG) ABS rated AA-BBB publicly issued in the U.S. domestic market. Qualifying securities must have an IG rating based on an average of Moody’s, S&P and Fitch.

ICE BofA U.S. 30-Year Treasury Index – This index is a subset of the ICE BofA U.S. Treasury Index, including all securities with a remaining final maturity of 30 years. The parent index tracks the performance of U.S. dollar-denominated sovereign debt publicly issued by the U.S. government in its domestic market. Qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion.

Investment Grade (IG) – Rating that signifies a municipal or corporate bond presents a relatively low risk of default. Bonds below this designation are considered to have a high risk of default and are commonly referred to as high yield (HY) or “junk bonds.” The higher the bond rating the more likely the bond will return 100 cents on the U.S. dollar.

J.P. Morgan AAA CLO Index – This market value-weighted index comprises U.S. dollar-denominated collateralized loan obligations rated AAA.

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J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD) – This index is a uniquely weighted version of the CEMBI, which is a market capitalization-weighted index consisting of U.S. dollar-denominated emerging markets corporate bonds. The CEMBI BD limits the weights of index countries with larger debt stocks by only including specified portions of those countries’ eligible current face amounts of debt outstanding.

J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD) – This index is a uniquely weighted version of the EMBI. The EMBI tracks bonds from emerging markets (EM), and comprises sovereign debt and EM corporate bonds. The EMBI GD limits the weights of index countries with larger debt stocks by only including specified portions of those countries’ eligible current face amounts of debt outstanding.

Morningstar LSTA US Leveraged Loan Index – This market capitalization-weighted index tracks the U.S. leveraged loan market.

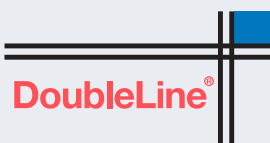
Mortgage-Backed Securities (MBS) – Investment similar to a bond that is made up of a mortgage or bundle of mortgages bought from the banks that issued them. Investors in MBS receive periodic payments similar to bond coupon payments.

S&P 500 Index – This unmanaged capitalization-weighted index of the stocks of the 500 largest publicly traded U.S. companies is designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks, which represent all major industries.

Spread – Difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings or risk.

30-Year FNCL Par Coupon Index – This index tracks the par coupons paid on 30 year Fannie Mae mortgages.

You cannot invest directly in an index.



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About the Author



Jeffrey Sherman, CFA

Deputy Chief Investment Officer, DoubleLine

Jeffrey Sherman, DoubleLine's Deputy Chief Investment Officer, is a thought leader, portfolio manager and public speaker in the industry. Mr. Sherman is a member of DoubleLine's Fixed Income and Global Asset Allocation committees, and he serves as lead portfolio manager for the firm's multi-sector and derivative-based strategies. In his role, Mr. Sherman guides the investment teams in developing top-down macro views and collaborative asset allocation processes throughout a market cycle. Additionally, he is a member of DoubleLine's Executive Management Committee. In 2018, Money Management Executive named Mr. Sherman as one of "10 Fund Managers to Watch" in its yearly special report. Prior to joining DoubleLine in 2009, Mr. Sherman was a Senior Vice President at TCW, where he worked as a portfolio manager and quantitative analyst focused on fixed income and real-asset portfolios. Prior to that, he was a statistics and mathematics instructor at the University of the Pacific and Florida State University. Mr. Sherman taught Quantitative Methods for Level I candidates in the USC/CFALA CFA® Review Program for many years. He holds a B.S. in Applied Mathematics from the University of the Pacific and an M.S. in Financial Engineering from Claremont Graduate University. Mr. Sherman is a CFA® charterholder.

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About DoubleLine

DoubleLine is a privately owned, employee-controlled asset management business founded by Jeffrey Gundlach and 45 colleagues in 2009. DoubleLine was launched to offer investment management services with a cardinal mandate: deliver attractive risk-adjusted returns to clients. In fact, the name "DoubleLine" embodies that cardinal mandate: Like a careful motorist on a winding mountain road, the manager must not cross the double line into the oncoming lane of risk. With that risk guardrail, the firm offers product solutions across asset classes, including Multi-Sector Fixed Income, Securitized Debt, Emerging Markets Fixed Income, Global Developed Credit, Infrastructure Debt, Equities, and Commodities. The firm's portfolio managers have worked together for an average of 17 years, as of June 30, 2025, employing a disciplined and time-tested process of credit underwriting and active management. As of the end of the second quarter of 2025, DoubleLine had total assets under management of \$94 billion.

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